

Disruptive forces threaten to unplug Synergy

GARETH PARKER



The buzz word of the year is “disruptive”, as in the potential of a technology or a business idea to create wealth for its inventors and investors by disrupting the established ways of doing things. This economic process of creative destruction has been going on for ever, of course, but with every second penny-dreadful West Perth mining exploration company looking for a tech deal,

“disruption” is the in thing as investors look for the next Uber, Netflix, Spotify or Square.

This is not just a private sector story, however. Increasingly, big, stable, taxpayer-funded utilities are also feeling the heat. Witness the annual report of Synergy, the government-owned electricity generation and retail company, whose foreword by chairman Lyndon Rowe amounts to a warning cry, that the utility must embrace change or be destroyed by it.

“Today the energy sector has clearly encountered gale force winds and is faced with creative

destruction threatening the

traditional energy utility model,” Rowe writes. “Synergy is in the middle of the storm; an exciting, threatening and challenging place to be.”

The extraordinary uptake of rooftop solar panels is one part of the story but what comes next are battery systems, plummeting in price, which will allow homes or apartment buildings to be energy independent of the traditional utilities for as much as 90 per cent (or more) of the time.

Synergy’s corporate vision is to be the “first choice” for energy — a position that was once self-evident when it was the monopoly player but now is

something that will require it to exhibit, in Rowe’s words, efficient, flexible, agile and adaptable. These words echo those of the new Prime Minister Malcolm Turnbull but are not those traditionally associated with the lumbering government trading enterprises.

On Monday, Curtin University sustainability researcher Jemma Green illustrated just how quickly the crunch is likely to come. At a seminar at the State Theatre Centre, Green pointed out that

there are 190,000 solar PV systems in Perth, comprising 490MW of capacity – effectively

bigger than Synergy’s biggest capacity power station.

With the cost of solar panels and battery systems falling as rapidly as production — especially from Chinese factories — is growing, Green estimates that, on the current power price trajectory, the cost of a solar-battery system will reach price parity with the Synergy A1 household tariff as soon as 2017. For all the feel-good “green” justifications for the uptake of renewable energy, once hip pocket imperatives take precedence, the tide will be irreversible.

✉ gareth.parker@wanews.com.au